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Haig, Robert Murray

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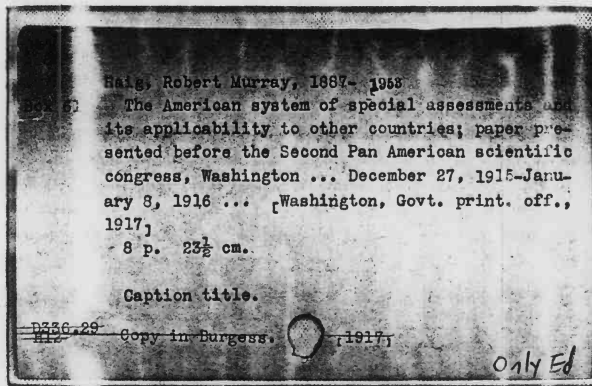
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THE AMERICAN SYSTEM OF SPECIAL ASSESSMENTS AND ITS APPLICABILITY TO OTHER COUNTRIES.

Paper presented before the Second Pan American Scientific Congress,
Washington, U. S. A., December 27, 1915-January 8, 1916.

By ROBERT MURRAY HAIG.

A study of the history of American finance is an exercise which is not conducive to complacency and self-satisfaction. The record on the whole is not brilliant. In fact, there are but few pages which justify even a measure of pride; but, after the manner of those who have not many things of which to be proud, there is perhaps a tendency to be exceedingly proud of those parts of the system which are creditable. There is, however, one financial device which on the whole is worthy of the high praise which it has received. This is the system of paying for local improvements by levies upon the land especially benefited, technically known as special assessments. Here is a plan which has proved its right to the consideration of students of finance everywhere.

SPECIAL ASSESSMENTS IN RELATION TO THE LAND POLICY.

Although the opportunity once existed in the United States for a huge experiment with Government ownership of land, that time has now long passed. Title to the great stretches of territory west of the Alleghenies once rested with the Federal Government. The city of New York in 1686 was made the owner of practically all of the uninhabited land on Manhattan Island.¹ When the city of Washington was laid out every alternate lot was turned over to trustees and sold for the benefit of the public treasury.² To-day these public holdings have practically disappeared. The direct financial returns from the sale of the national domain were, of course, inadequate, but they were consciously sacrificed for the sake of indirect effects, particularly the rapid development of the country. The lots in the city of Washington had been almost entirely sold to private individuals by 1820, and those in the city of New York by 1800.³ In New York an attempt was made to profit directly, for in 1796 the policy was adopted of selling alternate lots, the unsold portions being held for 50 years to enable the city to benefit by the rise in land values.⁴ There are some other instances also of substantial direct public benefit from land-value increases. It was, for example, the regular rule in Illinois to auction off the county seat to that town which would offer the largest amount of land to be sold for the benefit of the county treasury. Even the State capital was located and relocated on this principle. But, after all, whether the returns were adequate or inadequate, the fact remains that the land formerly held in such large amounts by the public has been allowed to pass into private hands and that the enormous increases in values have accrued to the immediate benefit of private individuals.

These values, moreover, have not been seriously disturbed by taxation. Of course it is true that with the breakdown of the general property tax real estate in general has been called upon to carry a large share of the burden, but that burden thus far has not been onerous; and, in addition, buildings have

¹ Black, *Municipal Ownership of Land on Manhattan Island*, p. 17.

² Brief on behalf of the Joint Citizens' Committee of the District of Columbia, p. 5 et seq.

³ *Ibid.*, p. 8; Black, *op. cit.*, p. 62.

⁴ *Ibid.*, p. 75.

probably been overtaxed as compared with land more often than the reverse. Land has not been singled out for special taxation. Increment taxes in the United States have never reached a stage beyond that of mere discussion. The legal exemption of improvements, which has been carried to such lengths in the Provinces of Canada, is in force in only two cities in the United States.¹ Excess condemnation only recently has been authorized in a few of the States. Indeed, it appears that owners have jealously and successfully guarded their rights to land values against attacks from all directions save one—namely, assessments for local improvements—and doubtless this is explained by the fact that the attack has always been disguised as a method of increasing rather than decreasing the value of their holdings.

ORIGIN AND GROWTH OF THE SPECIAL ASSESSMENT SYSTEM.

Although the United States can not claim to be the country of the origin of special assessments, the manner in which they have flourished here justifies one in saying that this is probably a circumstance attributable only to chance. They are found here almost at the beginning of things, but the evidence is conclusive that the earliest American acts were copied from English statutes of still earlier date.² Transplanted though it is, the system has here found an environment more favorable than elsewhere and has reached a state of development far beyond that attained in any other country in the world. In England the use of the special assessment system died out almost completely, and its revival in late years seems to be due, in part at least, to the success of the plan in this country.³ In France, although the principle is old, little has been accomplished until recently. The system has been used only a short time in Germany and in Belgium, but it is in Belgium that it has reached its greatest development in Europe.⁴

The use of special assessments in this country now has a history stretching over two centuries and a quarter, the first American act authorizing them being passed in 1601 for the city of New York.⁵ Through the first century and a quarter the system did not develop to great dimensions, but during the last hundred years it has swept the country. To-day practically every city in the land makes use of it and in a majority of them the receipts from assessments constitute the most productive source of revenue next to the tax on property. Indeed there are instances where they have been even more productive than the property tax.⁶ In 1915, the latest year for which the statistics are available, the cities of the United States raised nearly \$80,000,000 (\$79,890,321) by special assessments—one dollar for every seven raised by property taxes,⁷ or \$2.56 per capita.⁸

¹ Pittsburgh and Scranton, in the State of Pennsylvania.

² Goodnow, *Municipal Government*, p. 327, cites a case of improvement for paving in Paris in 1609. Seligman states that only 20 to 25 cases of application are known in France, and that they have been traced back to 1672.

³ Rosewater, *Special Assessments*, 1898 ed., p. 23.

⁴ Seligman, *Essays in Taxation*, 8th ed., pp. 436, 408.

⁵ Rosewater, *op. cit.*, p. 26.

⁶ There may have been sporadic uses of this method even before this act. (Cf. *Proceedings, The Municipal Engineers of New York*, 1914, p. 289; Seligman, *op. cit.*, p. 436.) This law followed almost exactly the language of the English statute of 1667, which had been passed to regulate the rebuilding of London after the Great Fire. *Ibid.*, Rosewater, *op. cit.*, p. 24.

⁷ Two hundred and one of the 205 cities, according to *Financial Statistics of Cities*, 1915, p. 166, et seq., received income from special assessments.

⁸ E. g., Oklahoma City, Seattle, and Tacoma, in 1909.

⁹ *Financial Statistics of Cities*, 1915, pp. 166-167.

¹⁰ *Ibid.*, p. 160.

OBJECTS FOR WHICH SPECIAL ASSESSMENTS ARE LEVIED.

An examination of the records of some of the cities leaves the impression that they have literally assessed themselves into existence, many of them having paid for practically their entire system of physical improvements by this method. The installation of street improvements, including the opening, widening, grading, and paving of streets and the construction of curbs and sidewalks, is very commonly financed by this system, but it is also frequently used for sewers and for water pipes, for tree planting along the side of the streets, for parks and boulevards. Prospect Park in Brooklyn and Riverside Drive in New York, the park systems of Kansas City and Indianapolis, and the Civic Center in Denver are all monuments to special assessments. The construction of retaining walls, of ditches, embankments, and the dredging of rivers and slips have been financed by this method. At the present time in the city of New York elaborate plans are being prepared which depend upon special assessments to pay for subway construction.¹ They are to be used, also, to contribute toward the cost of constructing an elaborate tunnel street in New York which has recently been completed at a cost of approximately \$100,000 to afford access to the subway which at this point is some 200 feet underground. The expenses of repairs to streets and sidewalks and repaving are sometimes met by special assessments, although some of the largest cities do not follow this practice. Street lighting, particularly where the service is unusual or expensive,² is often supported by levies of this type. Other services, such as street cleaning, sprinkling, trimming trees, cutting and watering grass in the park area along streets, garbage collection, snow removal, and even moth extermination, have been and are being furnished in one place or another through charges levied upon the property especially benefited.

THE FISCAL IMPORTANCE OF SPECIAL ASSESSMENTS.

This summary of the purposes for which special assessments are used may indicate even more plainly than statistics the important part they play in the financial affairs of any of our cities, but a few additional figures may not be out of place. In the city of New York, for example, during the last 10 years the assessments confirmed amounted to the enormous sum of \$124,000,000 (\$123,771,411.06).³ Portland, Oreg., which in 1910 claimed a population of only 207,214, expended in the 12 years ending 1914 over \$30,000,000 (\$30,373,374) on street and sewer improvements, all of which was financed by special assessments. Seattle, a city whose population was 237,194 in 1910, has annually collected between \$4,000,000 and \$5,000,000 in assessments for several years past.⁴ Chicago has always made liberal use of special assessments. When first incorporated in 1837, power was received to levy assessments for constructing

¹ The Utica Avenue extension of the rapid transit system was authorized on the assumption that the land specially benefited would be called upon to contribute toward the cost of construction. A very ambitious project is that which is just now being urged before the Public Service Commission of New York City, and which contemplates the removal of the elevated railway from lower Fulton Street, Brooklyn, and the substitution therefor of a subway to connect Central Brooklyn with the dual subway system. This project involves the expenditure of approximately \$5,500,000, of which about \$4,500,000 is expected to be furnished through special assessments. The land in this case is to be divided into five zones of benefit, the assessments varying from 20 per cent to three-quarters of 1 per cent of the value.

² As, for example, in the case of cluster lights along business streets.

³ City of New York, Law Dept., *Annual Report*, 1914, pp. 463, 469, and William C. Ormond, *Assessments for Local Improvements*, *Proceedings, Municipal Engineers of the City of New York*, 1914, p. 298.

⁴ 1909-1913.

sidewalks,¹ and in 1837 authority was given to use the method for a great variety of objects.² The 1837 act was passed seven years before there was a paved street in Chicago, and 13 years before there were any drains except open ditches.³ The first sewers, built in 1859 at a cost of \$2,571.90, were paid for by assessments. During the 50-year period between 1860 and 1910 assessments were confined in the city of Chicago to the amount of nearly \$185,000,000.⁴ Truly, special assessments have played an important part in the history of municipal finance in the United States.

SPECIAL ASSESSMENT PROCEDURE.

The administrative procedure followed in levying special assessments varies considerably from city to city, but the methods used in the city of Seattle are typical and a description of them may be accepted as fairly illustrative of current practice in cities of moderate size.

Assessment projects may legally be initiated either with or without a petition from the property owners affected. In practice the council requires a petition signed by the owners of a majority of the frontage and area affected but then proceeds to ignore it. This is done because experience has shown that fewer difficulties are encountered when the project does not rest for its legal justification upon a petition. The petition is filed with the city engineer, who checks it and refers it to the council, but, without waiting for action by that body, he proceeds immediately to make a preliminary estimate of the cost of the work and of the charges which will rest upon the land benefited. After the council has passed upon the project a date is set for a public hearing. The property owners affected are notified of the proposed improvement and are invited to confer with the council as to its desirability. Unless strong opposition develops the council then passes an ordinance ordering the improvement to be made. Bids are advertised for, on the basis of the preliminary estimate, the contract is let, and the improvement is constructed under the supervision of the engineer. This official also apportions the final cost among the property owners and prepares an assessment roll, which, after a second hearing, is approved by the council and sent to the treasurer for collection.

In apportioning the costs of a street improvement among the property owners, a very complicated system has been evolved. The area of benefit is assumed normally to extend 90 feet on either side of the improved street, but upon numerous occasions is made much wider than this. The territory affected is divided into strips 30 feet wide, running parallel with the improved street. The strips lying nearest the street bear the heaviest share of the expense, the first being charged with 45 "parts," the second with 25 "parts," the third 20 "parts," the fourth 10 "parts," and the fifth 5 "parts."⁵ The total number of parts multiplied by the number of front feet is divided into the total cost. Then each individual's charge is calculated. It will be noticed that the zone system operates to relieve the owners of corner lots of part of the burdens which would be theirs if they were called upon to pay on a frontage basis the cost of improvements on both sides of their lots. This solution of the corner-lot problem is considered satisfactory in the case of all improvements except sewers and water mains, in which cases an owner of a lot which is already served from one street is not compelled to contribute to the cost of laying mains in another street. It must not be thought, however, that the

¹ Laws, Illinois, 1830-31, p. 82.

² *Ibid.*, 1837-8, p. 61.

³ Fifteenth Report of Chicago Board of Public Works, Appendix.

⁴ Compiled from the reports of the Department of Public Works.

⁵ These parts are not percentages. In case the area of benefit is narrow only a few zones are used, but the number of parts assigned remain the same.

mechanical rule outlined above is applied without variation. A wide discretion is vested in the hands of the city engineer.

In Seattle special-assessment finances are much more completely segregated than in most cities. Not only are they entirely independent of the general municipal finances but each improvement project is considered a separate financial undertaking. Each month a contractor, constructing an improvement, receives from the city engineer a certificate stating the amount of work completed. He presents this to the city comptroller, who issues interest-bearing warrants to the extent of 70 per cent of the value of the completed work. These warrants are often used by the contractors as collateral for bank loans. Thirty days after the completion of the work warrants are issued for the 30 per cent of the cost which has been withheld as a guaranty during the course of construction. As soon as the final assessment rolls are prepared notices are sent to the owners of the property benefited, immediately after which there follows a 30-day period, when cash payments may be made in whole or in part. Any assessments unpaid at the end of this period are payable in ten annual installments with 6 per cent interest. The cash which has been collected is used to redeem part of the contractor's warrants, and local improvement bonds running 10 years and bearing 6 per cent interest are issued at par to the contractor in exchange for the remainder of the warrants. It will be noticed that this throws upon the contractor a share of the burden of financing local improvements. The wisdom of this very common practice may be questioned, for the contractor must insure himself against possible loss by charging a higher price for the work.

WEAKNESSES AND ABUSES OF THE SPECIAL-ASSESSMENT SYSTEM.

Present methods have been arrived at only after painful experiences, and even now the system is nowhere working entirely without friction. There is a record to the effect that when the Dutch in New Amsterdam assessed upon the abutting property the cost of canalizing an inlet located near the present Broad Street in the city of New York, Hendrick, the Baker, was charged with the cost of 5 yards—4½ feet, at 40 guilders per rod. Beside the name there appears on the record this laconic entry: "He refused to pay and was imprisoned."¹ There has never since been a lack of injured and protesting Hendricks.

Of the weaknesses and abuses which have developed in the history of special assessments, many find their origin in that heyday of maladministration of municipal affairs generally which began in the early seventies. The Tweed régime in New York used the special-assessment system as a means of mulcting the property owners on an enormous scale. Extravagant and premature improvements constructed by corrupt contractors served to enrich a group of political grafters and to impoverish the owners of land. More than one-third of the assessments levied between 1870 and 1879 proved to be uncollectible.² The situation in Brooklyn at this time was very similar.³ Over-ambitious improvement projects also resulted in serious financial embarrassment in a number of New Jersey cities during the seventies.⁴ Instances have occurred and still appear from time to time of improvements which are contracted primarily in the interest of contractors who desire work, rather than in the interest of property owners who desire improvements. It has been charged recently that this is true of a number of the grading projects in Seattle, and in the case of some street improvements in New York. But after

¹ Quoted in Proceedings of Municipal Engineers Assn. of N. Y., 1914, p. 289.

² Black, op. cit., p. 77; Rosewater, op. cit., p. 80.

³ Rosewater, op. cit., p. 78.

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all, what has been shown by these experiences is that the system can be used by knaves and fools to further their ends and there is little to indicate that special assessments offer a better opportunity for knavery and foolishness than do the alternative methods of paying for local improvements. The remedy is obviously to secure honest and wise administrators, and the great strides which have been made recently in this direction by our municipalities are reflected in the greatly increased satisfaction with special assessments.

An objection sometimes urged as a fault of the special assessment system is that it operates to place the city in the position of partner and financial backer of the land speculator. It is pointed out that a man interested in developing a section of land can transfer to the city and through the city to the prospective purchasers practically the entire cost of improving the tract. Part of this objection can be readily met by insuring that the city administration pursues a policy in authorizing improvements which is conservative enough to insure the city against the loss of its money or credit through the failure of the speculator to sell his lots or of the prospective purchaser to pay his assessments. But there is another point involved. It is claimed that the system of special assessment aids the speculator to deceive the innocent purchaser. Thus, in the Canadian city of Vancouver, complaint has been made that speculators petition for streets unnecessarily wide in order that they may receive larger sums for the condemned land which, together with the increased cost of the paving, is loaded upon the back of the purchaser of the land. For, oftentimes, purchasers do not investigate the assessments outstanding against the land, and in some places, as for example in the city of New York, it is difficult to determine the exact amount of assessments which will have to be paid. The records should show all assessments which are contemplated or pending, as well as those which have actually been confirmed, and the information should be put in such form as to make outright deception impossible. It would be too much to expect of a system to look to it to reconstruct the nature of the careless so they will investigate before they invest, or to change the nature of the shortsighted, so they will recognize a burden as such even though it is divided into many annual installments.

Lack of proper notification has been a prolific source of dissatisfaction. In Chicago a few years ago complaints were particularly bitter, the procedure being such that often the first notice received by the owners of property affected by an improvement was a notice to pay their assessment.¹ In New York at the present time notice of the hearing is sent merely to the signers of the petition for the improvement, who may or may not be owners of the property affected, and whose sentiments are known already from the fact that they are petitioners. It is charged that this arrangement encourages the stimulation of improvements for the benefit of others than those who pay for them, and that the petitions are often signed and filed by persons not legitimately interested. Those cities which have been most successful in administering their system go furthest in the direction of personal notification and ample hearings for those who are to be called upon to pay the assessments.

Danger lurks in the practice of extending the term of payments. The period during which installments may be paid should not exceed a very conservative estimate of the life of the improvement. There have been examples in New York where landowners were paying installments on as many as four street pavements at the same time, three have been worn out and replaced before the first is entirely paid for. This overextension of the period of payments is doubtless responsible for the present peculiar law in New York forbidding the

¹ Report, Dept. of Public Works, 1889, p. 401.

levy of assessments for repaving against a lot which has already been assessed to pay for one first-class pavement.²

Another practice which stands condemned in the light of American experience is that of levying and collecting assessments before the cost of improvements is definitely known. The usual result of this practice is that the estimates are made liberal in order to cover all contingencies, the unused balances being returned to the persons assessed. At one time in Chicago the rebates amounted to one-third of the collections.³ A much better plan is to defer the assessment, or at least a very substantial part of it, until the work is entirely completed.

It will be seen that most of the weaknesses are either not serious in their nature, and easily remedied, or are not peculiar to special assessments. Assuming an honest and fairly-intelligent administration, abuses are unlikely to develop.⁴

THE APPLICABILITY OF THE SPECIAL-ASSESSMENT SYSTEM TO OTHER COUNTRIES.

Any discussion of the applicability of the American system of special assessments to other countries should be preceded by a statement of the causes for its wide use here, for some of the reasons are frankly reasons of compulsion rather than of attraction. Undoubtedly the large rôle which the system has played in some of our cities is explained by the fact that it constituted the only means by which necessary improvements could be secured, limited as the cities were in the tax rates they could impose and the amount of indebtedness they could assume. For special assessments are not classified as taxes under the law, and special-assessment debt is often not included within the debt limit of the city.⁵ Even in those cities where there are no burdensome limitations on the tax rate, there is always present a very strong prejudice against a high rate, and special assessments offer an opportunity to have at the same time low nominal taxes and the needed improvements.

But such reasons are in most cases not the important ones. The principle upon which the system rests—of a direct contribution toward the cost by the owner of the property especially benefitted—is one which appeals strongly to everyone's sense of justice. Coupled with this is the psychological advantage which is present when something very definite is given to the individual who is called upon to contribute. Indeed this close relationship between the payment and the construction of a particular improvement is the secret of much of the popularity of the system. Under this plan, it is not necessary to contribute for the cost of the construction of a number of other men's pavements before one's own street is paved. Moreover, the plan eliminates, to a large degree, the necessity for using influence of one sort or another with the political powers that be in order to secure attention to need for local improvements. The work can be done when desired and to any amount desired. The system is flexible to a remarkable degree.

In cities which are developing as rapidly as American cities have developed, the number of persons who are interested in the increase in land values is

² Cf. Ormond, loc. cit., p. 212.

³ Merriam, Report on the Municipal Revenues of Chicago, p. 13, et seq.

⁴ One remarkable aspect of the situation is the lack of mutual assistance among the cities in solving the problems of special assessments. Each city appears to have considered its problem largely a local one and has struggled to a solution without availing itself of that of others. It is not unusual to find several cities within a short distance of each other which have painfully worked out independent solutions to the same practical problem. This has made progress unnecessarily difficult, for most of the questions are general in nature and the experience of one place is usually valid in another.

⁵ The extent to which the system has been used in Chicago has been attributed to this cause. Merriam, op. cit., p. 13.

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An objection sometimes urged as a fault of the special assessment system is that it operates to place the city in the position of partner and financial backer of the land speculator. It is pointed out that a man interested in developing a section of land can transfer to the city and through the city to the prospective purchasers practically the entire cost of improving the tract. Part of this objection can be readily met by insuring that the city administration pursues a policy in authorizing improvements which is conservative enough to insure the city against the loss of its money or credit through the failure of the speculator to sell his lots or of the prospective purchaser to pay his assessments. But there is another point involved. It is claimed that the system of special assessment aids the speculator to deceive the innocent purchaser. Thus, in the Canadian city of Vancouver, complaint has been made that speculators petition for streets unnecessarily wide in order that they may receive larger sums for the condemned land which, together with the increased cost of the paving, is loaded upon the back of the purchaser of the land. For, oftentimes, purchasers do not investigate the assessments outstanding against the land, and in some places, as for example in the city of New York, it is difficult to determine the exact amount of assessments which will have to be paid. The records should show all assessments which are contemplated or pending, as well as those which have actually been confirmed, and the information should be put in such form as to make outright deception impossible. It would be too much to expect of a system to look to it to reconstruct the nature of the careless so they will investigate before they invest, or to change the nature of the shortsighted, so they will recognize a burden as such even though it is divided into many annual installments.

Lack of proper notification has been a prolific source of dissatisfaction. In Chicago a few years ago complaints were particularly bitter, the procedure being such that often the first notice received by the owners of property affected by an improvement was a notice to pay their assessment.¹ In New York at the present time notice of the hearing is sent merely to the signers of the petition for the improvement, who may or may not be owners of the property affected, and whose sentiments are known already from the fact that they are petitioners. It is charged that this arrangement encourages the stimulation of improvements for the benefit of others than those who pay for them, and that the petitions are often signed and filed by persons not legitimately interested. Those cities which have been most successful in administering their system go furthest in the direction of personal notification and ample hearings for those who are to be called upon to pay the assessments.

Danger lurks in the practice of extending the term of payments. The period during which installments may be paid should not exceed a very conservative estimate of the life of the improvement. There have been examples in New York where landowners were paying installments on as many as four street pavements at the same time, three have been worn out and replaced before the first is entirely paid for. This overextension of the period of payments is doubtless responsible for the present peculiar law in New York forbidding the

¹ Report, Dept. of Public Works, 1889, p. 401.

levy of assessments for repaving against a lot which has already been assessed to pay for one first-class pavement.¹

Another practice which stands condemned in the light of American experience is that of levying and collecting assessments before the cost of improvements is definitely known. The usual result of this practice is that the estimates are made liberal in order to cover all contingencies, the unused balances being returned to the persons assessed. At one time in Chicago the rebates amounted to one-third of the collections.² A much better plan is to defer the assessment, or at least a very substantial part of it, until the work is entirely completed.

It will be seen that most of the weaknesses are either not serious in their nature, and easily remedied, or are not peculiar to special assessments. Assuming an honest and fairly-intelligent administration, abuses are unlikely to develop.³

THE APPLICABILITY OF THE SPECIAL-ASSESSMENT SYSTEM TO OTHER COUNTRIES.

Any discussion of the applicability of the American system of special assessments to other countries should be preceded by a statement of the causes for its wide use here, for some of the reasons are frankly reasons of compulsion rather than of attraction. Undoubtedly the large rôle which the system has played in some of our cities is explained by the fact that it constituted the only means by which necessary improvements could be secured, limited as the cities were in the tax rates they could impose and the amount of indebtedness they could assume. For special assessments are not classified as taxes under the law, and special-assessment debt is often not included within the debt limit of the city.⁴ Even in those cities where there are no burdensome limitations on the tax rate, there is always present a very strong prejudice against a high rate, and special assessments offer an opportunity to have at the same time low nominal taxes and the needed improvements.

But such reasons are in most cases not the important ones. The principle upon which the system rests—of a direct contribution toward the cost by the owner of the property especially benefitted—is one which appeals strongly to everyone's sense of justice. Coupled with this is the psychological advantage which is present when something very definite is given to the individual who is called upon to contribute. Indeed this close relationship between the payment and the construction of a particular improvement is the secret of much of the popularity of the system. Under this plan, it is not necessary to contribute for the cost of the construction of a number of other men's pavements before one's own street is paved. Moreover, the plan eliminates, to a large degree, the necessity for using influence of one sort or another with the political powers that be in order to secure attention to need for local improvements. The work can be done when desired and to any amount desired. The system is flexible to a remarkable degree.

In cities which are developing as rapidly as American cities have developed, the number of persons who are interested in the increase in land values is

¹ Cf. Ormond, *loc. cit.*, p. 212.

² Merriam, Report on the Municipal Revenues of Chicago, p. 13, et seq.

³ One remarkable aspect of the situation is the lack of mutual assistance among the cities in solving the problems of special assessments. Each city appears to have considered its problem largely a local one and has struggled to a solution without availing itself of that of others. It is not unusual to find several cities within a short distance of each other which have painfully worked out independent solutions to the same practical problem. This has made progress unnecessarily difficult, for most of the questions are general in nature and the experience of one place is usually valid in another.

⁴ The extent to which the system has been used in Chicago has been attributed to this cause. Merriam, *op. cit.*, p. 13.

exceedingly large, and undoubtedly one of the important reasons why special assessments are popular is that they serve very well the interests of the speculator. He is relieved of the necessity of paying improvement charges until his land is ripe for the market, and even then the burden upon him is greatly lightened by the use of the plan whereby the cost is made payable in installments. The installment system is used most widely in the case of those improvements which are largely speculative in nature. An investigation made recently in Portland, Oreg., shows that while in the business section assessments were paid in cash in approximately 70 per cent of the cases, the installment method was elected in 96 per cent of the cases when the land affected was speculative in its nature.

It must not be inferred that the great development of the system in this country is due mainly to its usefulness as a tool in the hands of land speculators or to its availability for surmounting legal obstacles to high tax rates. Even where these arguments would be of no weight, it is believed that the system can justify itself amply on the other grounds which have been indicated.

The conditions which have proved most conducive to the success of the special-assessment system in American cities, and which therefore may be considered to be most essential to its successful operation elsewhere, may be briefly summarized as follows:

First. Land values have been rising with great rapidity from causes other than the construction of local improvements, and where this is true they can be counted on to cover many sins of administration.

Second. Where the plan has been most successful, great care has been taken to conform the improvement policy very closely to the desires of the individuals who are depended upon to pay the bills. Fundamentally, the question as to whether the property will be increased in value to a sufficient degree to cover the cost of the improvement is a question as to whether the owners or the users of the land want the improvement badly enough to pay for it. Of course, the city must retain in its own hands the power to initiate improvements which are dictated by a very strong general need, but great dependence should be placed upon initiation by petition. It might be wise to vary the percentage of owners required to sign the petition for various types of improvements. Thus, while 25 per cent might be considered sufficient for the initiation of a street pavement, 95 per cent might be a suitable figure for initiating a project to pay for moth extermination by special assessment. This dependence upon petitions is likely to prove more satisfactory than some of the purely mechanical safeguards which have often been used. Such, for example, as a percentage of the value of the property or a set sum annually.

Third. Too much emphasis can not be placed upon the desirability of certainty in a system of special assessments. The bitterest complaint is that which comes from the man who is asked to pay more than he expected. Where the improvement work is standardized, and where the rules for apportioning the cost are well defined and fully understood, it has been found possible to raise enormous amounts without apparent distress.

Finally, it is a striking fact that the success of the special assessment system in many of our cities is directly traceable to the administrative ability which has been available. In several places it has been through the efforts of a single individual that the entire assessment policy of a city owes its success. Where the administration has been poor the dissatisfaction has been great, and where conditions are such that good administrators are unavailable, it may be safely said that the special assessment system is foredoomed to failure.

INTENTIONAL SECOND EXPOSURE

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